

HENDRICKS DID HAVE POWER TO EXPOSE GRAFT

Armstrong Committee Severely Criticises Insurance Superintendent.

ALBANY, N. Y., Feb. 22.—The insurance investigating committee in its general report takes up the State Insurance Department and declares that the State Superintendent of Insurance has had ample power and has been charged with the correlative duty to inquire into and to ascertain the transactions of insurance companies to the end that abuses may be exposed and correct administration assured.

The supervision of the department, the report sets forth, has not proved a sufficient protection against extravagance and maladministration. Annual statements have been received and filed in conformity with the law, but no detail to exhibit the real efficiency or honesty of the management.

Nor has there been suitable effort to detect and expose evasions of departmental requirements and the resort to artifice and double dealing in order to avoid a true disclosure of the company's affairs. Even the infrequent examinations of particular companies would have availed in many instances to disclose the conditions made apparent by the committee's investigation had they been rigorously conducted with the purpose of exposing whatever abuses existed.

A report on the Mutual Life Insurance Company by Chief Examiner Vanderpool to Supr. Hendricks in 1904 is cited by the report as representing to Mr. Hendricks that the examination had revealed methods of administration and established the fact that the welfare of the policy-holders had been conserved by the character of the management.

A striking contrast. "In stippling contrast with this official report," says the committee, "is the actual course of the examination on which proceeded it, as disclosed by the testimony taken by the committee. The examiner did not know and made no effort to ascertain as a salaried paid to individual officers. He did not know that the son of the president of the company or the terms of the contract under which he had been receiving excessive commissions upon foreign business.

"Nor did he allude to the extraordinary compensation paid to the firm of C. H. Raymond & Co., of which President Hendricks's son-in-law was a member.

"No attempt was made to ascertain whether moneys had been spent properly or improperly. As a test of the character of the management, a re-examination was plainly a farce."

Referring to the office of the Insurance Department in New York City in charge of Robert H. Hunter, the report declares that in respect to the interest of policyholders by an exposure of wasteful expenditure or corrupt practices, "the final responsibility for this neglect," says the committee, "must rest with the Superintendent of Insurance."

Examinations of the New York Life Insurance Company by Mr. Vanderpool in 1898 and 1904 are referred to, and the report declares that in neither there any allusion to any of the transactions which attracted attention in the committee's inquiry and no mention was made of the extraordinary payments to Alexander Hamilton.

Provisions of the Bills. The important provisions carried by the insurance bills are: Forbidding contributions by insurance companies to political organizations and the payment of contingent fees; making the man who receives a contribution equally guilty with the man who gives it.

Declaring it a misdemeanor to make a false entry on the books of the company.

Requiring that persons doing legislative work for a company shall file with the Secretary of State a notice of his appearance, and requiring the company to file a statement of expenditures for all legislative purposes.

Providing for the election of new directors of the companies on Nov. 15, until which time elections by mutual companies shall be postponed.

Declaring all proxies executed

Limit Put on Business. Limiting new business to be written annually on the percentage basis and providing a maximum of \$150,000,000. Companies may write all the insurance they are able to obtain under \$50,000,000 a year.

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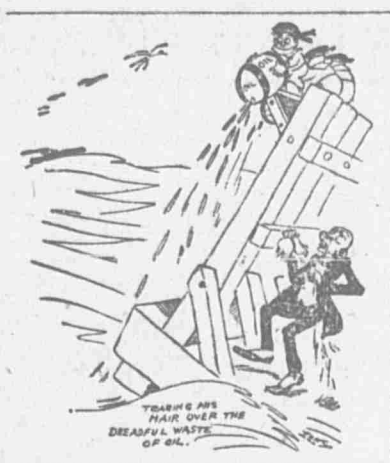
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JOHN D. ON DRY-DOCK AT SEA MAKES FERRY SPEECH

Oil King Was Spotted While Sitting on the Kitchen Deck Looking Over the Taffrail— Tore His Hair at Waste of Good Oil.

LAS PALMAS, Grand Canaries (By hairless telegraphy, via Porto Rico, via Moie St. Nicholas, via Ida M. Tarbell, to Washington, D. C.) Feb. 22.—I am able to state with the utmost confidence that John D. Rockefeller is really



ing the hairs, one by one, meanwhile reciting the words, "Hadley loves me; he loves me not," etc.

In response to cheers from the quay Mr. Rockefeller arose, placed his toupee far back upon his skull, thus giving himself a singularly noble and high-browed appearance, and bowed gracefully. Meanwhile cries of "Speech, speech!" Mr. Rockefeller then said:

"Unaccustomed as I am to public addresses, I cannot forbear on the occasion of my first visit to your fair city (cheers) to speak a few words. I thank you for this demonstration. (Renewed cheering.) It is, indeed, a pleasure to be here among you, far from time and process servers. With my hand

upon my heart (there the speaker clasped his hand to the small change pocket of his waistcoat) I feel that I may truthfully declare my joy at being able to flee for a season the false gaieties, the prying lawyers, the vicious inklingers of my own country—I use the term 'my own' advisedly, gentlemen—and alone, or comparatively so, upon the vast deep to commune with a while with nature and the elements, such as water, which, as you may recall, my friends, if properly employed, is of great value in the production of stocks and other esteemed commodities of modern civilization.

"I feel that I need say no more. My one regret is that, in the haste of departure, I left behind me my halo, which was conferred as a special degree by the Chicago University and which I have worn constantly.

Misses His Halo. "I also miss my son, Sir John II., and the Mexican Salve which he feeds to his Sunday-school class. Ah, me! the dear old Mexican Salve! But one cure have everything one wants in this world, my friends, even when one owns it. I thank you." (Tremendous outbreak.)

Four times Mr. Rockefeller was recalled. He then ascended the stairs in the dock. At noon he landed and was a guest at dinner at the home of the Mayor. The Chicago University Department and Commercial Club turned out.

After a long debate in the Senate, in which Mr. McCarron, Armstrong, Raines, Bryan, and Elmsberg took part, it was decided to progress the bills to the committee of the whole, and then recommit them to the special insurance committee for a hearing. Friday, March 9, was agreed upon for the date of that hearing, at which all objections to them should be made known.

Aimed at the Lobby. Regarding lobbying, the committee recommends that the restrictive law be amended to require every person, retained as counsel or agent to promote or oppose the passage of bills or resolutions, or executive approval of such measures, shall, before entering such service file with the Secretary of State his name, the name of his client and the nature of the business to be transacted.

Regarding the expenses of companies, the committee says the limitation of new business upon the plan proposed by it will greatly diminish agency expenses. It does not recommend that the rate of commissions should be fixed by law. But it recommends the adoption of a measure to define liabilities and of assurance solvency; to permit the prohibition of preliminary and policy loans and the establishment of suitable limitations of the amount that may be expended for new business apart from industrial insurance.

Valuation of Policies. Concerning the valuation of policies the committee recommends that the establishment of a minimum standard of valuation in accordance with the "Sole and Ultimate," the prohibition of loans to policyholders, and the fixing of a legal standard for the valuation of industrial policies issued after Jan. 1, 1907, the requiring of co-operative and assessment companies to maintain a reserve equal to the proceeds of one death or disability assessment and to the cost of insurance for all policies in accordance with the American table of mortality.

The committee also recommends the enactment of a law forbidding rebates in any form. It is not recommended that any change be made with reference to existing contracts, but that such laws shall be rigidly enforced. It recommends that the companies be required to state their methods of computation fully and understandingly. As deferred dividend policies mature and distributions are made companies should be compelled to file a statement showing the amount distributed and the method of calculation adopted. The committee recommends that all mutual companies be prohibited from writing non-participating policies.

The absolute repeal of section 56 of the insurance law, requiring the consent of the Attorney-General before bringing an action, is recommended.

A recommendation for the standardizing of all policies is fully discussed and urged. There is also an elaborate recommendation that companies be compelled to file the fullest publicity to their methods.

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